

**271B.6-210 Issuance of shares. (Effective until contingency met)**

- (1) The powers granted in this section to the board of directors may be reserved to the shareholders by the articles of incorporation.
- (2) The board of directors may authorize shares to be issued for consideration consisting only of an equivalent in money paid or labor done, or property actually received and applied to the purposes for which such corporation was created, and neither labor nor property shall be received in payment of consideration for the issuance of shares at a greater value than the market price at the time such labor was done or property delivered, and all fictitious increase of shares shall be void.
- (3) Before the corporation issues shares, the board of directors shall determine that the consideration received or to be received for shares to be issued is adequate. That determination by the board of directors is conclusive insofar as the adequacy of consideration for the issuance of shares relates to whether the shares are validly issued, fully paid, and nonassessable.
- (4) When the corporation receives the consideration for which the board of directors authorized the issuance of shares in accordance with this section, the shares issued therefor are fully paid and nonassessable.
- (5) The board of directors, or a committee of the board of directors, may authorize one (1) or more officers of the corporation to approve the issuance, sale, or contract for sale of shares or to determine the designation and relative rights, preferences, and limitations of a class or series of shares, all within limits specifically prescribed by the board of directors or the committee.
- (6) The consideration received for the issuance of shares having a par value, to the extent in excess of the par value of such shares, shall be deemed to include consideration paid for the issuance of shares as share dividends, from time to time, with respect to any outstanding shares of that class or series, as provided in subsection (1) of KRS 271B.6-230. The consideration received for the issuance of shares without par value shall be deemed to include consideration paid for the issuance of shares as share dividends, from time to time, with respect to any outstanding shares of that class or series, as provided in subsection (1) of KRS 271B.6-230. The amount of capital surplus of a corporation immediately prior to January 1, 1989, shall also be deemed to be consideration paid for the issuance of shares, from time to time, as a share dividend within the meaning of this subsection.
- (7) To the extent consolidated net income of the corporation or consideration theretofore received by the corporation for the issuance of shares is relied upon for the issuance of a share dividend, as provided in subsection (1) of KRS 271B.6-230, the board of directors shall designate some or all of such consolidated net income or existing consideration as the consideration paid for the issuance of such shares as a share dividend, and such designated amount shall thereafter not be included in the amount available under subsection (1) of KRS 271B.6-230 as consideration for the issuance of shares as share dividends.

**Effective:** July 15, 2002

**History:** Amended 2002 Ky. Acts ch. 102, sec. 9, effective July 15, 2002. -- Created 1988 Ky. Acts ch. 23, sec. 38, effective January 1, 1989.

**271B.6-210 Issuance of shares. (Effective November 15, 2002, if contingency met)**

- (1) The powers granted in this section to the board of directors may be reserved to the shareholders by the articles of incorporation.
- (2) The board of directors may authorize shares to be issued for consideration consisting of any tangible or intangible property or benefit to the corporation, including cash, promissory notes, services performed, contracts for services to be performed, or other securities of the corporation.
- (3) Before the corporation issues shares, the board of directors shall determine that the consideration received or to be received for shares to be issued is adequate. That determination by the board of directors is conclusive insofar as the adequacy of consideration for the issuance of shares relates to whether the shares are validly issued, fully paid, and nonassessable.
- (4) When the corporation receives the consideration for which the board of directors authorized the issuance of shares in accordance with this section, the shares issued therefor are fully paid and nonassessable. When, and to the extent, consideration for the issuance of shares consists of a promissory note or contract for services or other benefits, the shares shall be fully paid and nonassessable at the time the note is issued or the contract is entered into.
- (5) The board of directors, or a committee of the board of directors, may authorize one (1) or more officers of the corporation to approve the issuance, sale, or contract for sale of shares or to determine the designation and relative rights, preferences, and limitations of a class or series of shares, all within limits specifically prescribed by the board of directors or the committee.

**Effective:** November 15, 2002, if contingency met

**History:** Amended 2002 Ky. Acts ch. 102, sec. 10, effective November 15, 2002, if contingency met. -- Created 1988 Ky. Acts ch. 23, sec. 38, effective January 1, 1989.

**Legislative Research Commission Note** (11/15/02). 2002 Ky. Acts ch. 102, sec. 22, provides that this section "shall take effect November 15, 2002, if a constitutional amendment proposing to amend Sections 190, 191, 192, 193, 194, 195, 198, 200, 202, 203, 205, 207, and 208 of the Constitution of Kentucky relating to corporations is enacted by the General Assembly and approved by the voters in the November, 2002 general elections. Otherwise, [this section] shall be void."

A constitutional amendment proposing to amend 11 of those 13 sections of the Constitution was enacted by the General Assembly and approved by the voters. During the 2002 Regular Session, the General Assembly enacted 2002 Ky. Acts ch. 341, which proposed to amend Sections 190, 191, 192, 193, 194, 198, 200, 202, 203, 207, and 208 of the Constitution of Kentucky. The voters approved that amendment in the November, 2002 general elections.